

THE OFFICE OF REGULATORY STAFF

SETTLEMENT TESTIMONY

OF

CAREY M. STITES

July 8, 2010



DOCKET NO. 2010-4-G

**ANNUAL REVIEW OF
PURCHASED GAS ADJUSTMENT AND GAS
PURCHASING POLICIES OF
PIEDMONT NATURAL GAS COMPANY, INC.**

SETTLEMENT TESTIMONY OF CAREY M. STITES

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2010-4-G

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Carey M. Stites. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") as Manager of the Gas Department.

Q. ARE YOU THE SAME CAREY M. STITES WHO PREFILED DIRECT TESTIMONY IN THIS DOCKET ON JUNE 24, 2010?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I will discuss and offer testimony in support of the Settlement Agreement reached by the parties of record in the Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont Natural Gas Company ("PNG or "Company").

Q. WOULD YOU PLEASE DESCRIBE THE SETTLEMENT AGREEMENT REACHED BY THE PARTIES AND FILED WITH THIS COMMISSION ON JULY 6, 2010.

A. Yes. The Settlement Agreement affirms the Parties concurrence that:

(1) PNG's gas purchasing policies and practices during the Review Period were reasonable and prudent;

(2) PNG properly adhered to the gas cost recovery provisions of its gas tariff and relevant

1 Commission orders during the Review Period;

2 (3) PNG managed its hedging program during the Review Period in a reasonable and
3 prudent manner consistent with Commission orders; and

4 (4) The end-of-period balances for PNG's hedging and deferred gas cost accounts are
5 those reflected in the testimony of ORS witness Daniel F. Sullivan.

6 **Q. IS IT THE OPINION OF ORS THAT THE COMMISSION'S APPROVAL OF**
7 **THE SETTLEMENT AGREEMENT IS IN THE PUBLIC INTEREST?**

8 **A.** Yes. Following review, examination and discussions, ORS has determined that
9 the terms of the Settlement Agreement serve the public interest. The Settlement is
10 offered by all parties as a fair, reasonable and full resolution of all issues in this
11 proceeding as signified by all parties being signatories to the Settlement Agreement.

12 S.C. Code Section 58-4-10(B) (1) through (3) reads in part as follows:
13

14 "... 'public interest' means a balancing of the following:
15

- 16 - concerns of the using and consuming public with respect to public utility
17 services, regardless of the class of customer;
18 - economic development and job attraction and retention in South
19 Carolina; and
20 - preservation of the financial integrity of the State's public utilities and
21 continued investment in and maintenance of utility facilities so as to
22 provide reliable and high quality utility services."
23

24 ORS believes that the Settlement Agreement reached by the parties in this docket
25 balances the concerns of the using public while preserving the financial integrity of the
26 Company. Further, ORS believes that the Settlement Agreement does not inhibit
27 economic development.

28 Therefore, ORS recommends that the Commission approve the Settlement

1 Agreement filed in this proceeding.

2 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 **A.**Yes it does.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2010-4-G

IN RE:

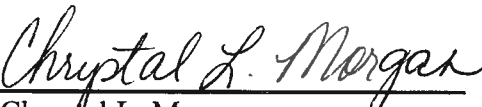
Annual Review of Purchased Gas Adjustment)	
and Gas Purchasing Policies of Piedmont)	CERTIFICATE OF
Natural Gas Company, Incorporated)	SERVICE
)	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **SETTLEMENT TESTIMONY OF CAREY M. STITES** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

David Carpenter, Director of Rates
Piedmont Natural Gas Company, Incorporated
P.O. Box 33068
Charlotte, NC, 28233

Thomas E. Skains, Chairman, President, and CEO
Piedmont Natural Gas Company, Incorporated
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Chrystal L. Morgan

July 8, 2010
Columbia, South Carolina